

CRESTWORTH LEARNING ACADEMY, INC.**FINANCIAL REPORT****JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 12 2011**

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JONALD J. WALKER III CPA LLC

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Crestworth Learning Academy, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of Crestworth Learning Academy, Inc. (a nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crestworth Learning Academy, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 15, 2011, on my consideration of Crestworth Learning Academy, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe

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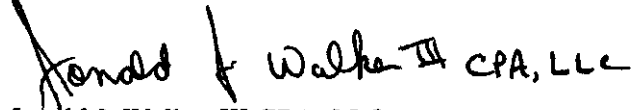
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Board of Directors
Crestworth Learning Academy, Inc.
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the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Crestworth Learning Academy, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Jonald J. Walker III CPA, LLC
Lake Charles, Louisiana
July 15, 2011

BASIC FINANCIAL STATEMENTS

CRESTWORTH LEARNING ACADEMY, INC.
Statement of Financial Position
June 30, 2010

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 460,941
Cash-Restricted	4,873
Grant Receivables	74,375
Prepaid Expenses	<u>15,799</u>
Total Current Assets	555,988

Non-Current Assets

Property and Equipment (net of Accumulated Depreciation)	83,354
Leasehold Improvements (net of Accumulated Amortization)	<u>77,081</u>
Total Non-Current Assets	160,435

Other Assets

Security Deposits	<u>11,617</u>
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Total Assets	<u>\$ 728,041</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Account Payable	\$ 106,281
Line of Credit	100,000
Note Payable	238,513
Payroll Liability	47,493
Student Activity Fund Payable	<u>4,873</u>
Total Current Liabilities	497,160

Net Assets

Unrestricted Net Assets	<u>230,881</u>
Total Net Assets	230,881

Total Liabilities and Net Assets	<u>\$ 728,041</u>
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The notes to the financial statements are an integral part of this statement.

CRESTWORTH LEARNING ACADEMY, INC.
Statement of Activities
For the Year Ended June 30, 2010

Revenue and Other Support	
Contributions	\$ 280,233
Grants:	
Federal	722,882
State	1,657,452
Local	2,349,100
Investment Income	<u>278</u>
Total Revenue and Other Support	<u>5,009,945</u>
Expenses	
Program Services:	
Instructional	3,579,422
Supporting Services:	
Management and General	<u>1,219,154</u>
Total Expenses	<u>4,798,576</u>
 Increase in Unrestricted Net Assets	 <u>211,369</u>
 Net Assets at Beginning of Fiscal Year	 <u>19,512</u>
 Net Assets at End of Fiscal Year	 <u>\$ 230,881</u>

The notes to the financial statements are an integral part of this statement.

CRESTWORTH LEARNING ACADEMY, INC.

Statement of Cash Flows
For the Year Ended June 30, 2010

Cash flows from operating activities	
Net Income	\$ 211,369
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	38,908
Decrease in grants receivable	28,716
Increase in prepaid charges	(1,799)
Increase in other assets	(11,617)
Increase in accounts payable	106,281
Increase in payroll liabilities	8,864
Increase in student activity fund payable	4,873
Net cash provided by operating activities	<u>385,595</u>
Cash flows from investing activities:	
Acquisition of assets	<u>(199,343)</u>
Net Cash used in investing activities	<u>(199,343)</u>
Cash flows from financing activities:	
Cash from line of credit	65,000
Cash from notes payable	3,513
Repayment of loan from officers	<u>(15,000)</u>
Net cash used in financing activities	<u>53,513</u>
Net increase/decrease in cash and cash equivalents	239,755
Cash and cash equivalents at beginning of year	<u>226,059</u>
Cash and cash equivalents at end of year	<u>\$ 465,814</u>
Supplemental Disclosures of Cash Flow Information:	
Cash Payments for Interest	<u>\$ 625</u>

The notes to the financial statements are an integral part of this statement.

CRESTWORTH LEARNING ACADEMY, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2010

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Instructional</u>	<u>Management and General</u>	<u>Total Expenses</u>
Expenses:			
Salaries and Benefits	\$ 3,000,134	\$ 175,753	\$ 3,175,887
Supplies	576,873	171,108	747,981
Travel	494	5,032	5,526
Utilities	-	110,668	110,668
Transportation	-	361,130	361,130
Insurance	-	39,054	39,054
Other	1,920	108,952	110,872
Repairs and Maintenance	-	238,197	238,197
Depreciation	-	9,261	9,261
	<u>\$ 3,579,422</u>	<u>\$ 1,219,154</u>	<u>\$ 4,798,576</u>

The notes to the financial statements are an integral part of this statement

Crestworth Learning Academy, Inc
Notes to the Financial Statements
June 30, 2010

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

Crestworth Learning Academy, Inc. (the School) was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2010 to operate a Type 5 public charter school.

Crestworth Learning Academy, Inc. seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/ proposal; measures pupil progress toward stated goal; and participates in pupil assessment required by law, regulation and BESE policy.

The Mission of Crestworth Learning Academy is to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting; where students are taught to read, write, compute and think critically according to their fullest potential.

Basis of Accounting

The School prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standard Board in its Statement of Financial Accounting Standards (SFAS) No. 117 Financial Statements of *Not-for-profit Organizations*. Under SFAS No. 117, the school is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted - Net assets not subject to donor-imposed stipulations; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Crestworth Learning Academy, Inc. and or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by Crestworth Learning Academy, Inc. Generally, the donors of these assets permits the School to use all or part of the income earned on any related investments for general or specific purposes.

Crestworth Learning Academy, Inc
Notes to the Financial Statements
June 30, 2010

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Public Support and Revenue

Crestworth Learning Academy, Inc. received its support primarily from the Louisiana State Department of Education and the United States Department of Education.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate foundations, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This may require the allocation of certain costs based on total program costs and estimates made by management.

Income Taxes

Crestworth Learning Academy, Inc. is a not-for-profit organization as described in Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501 (a) of the Internal Revenue Code.

Land, Buildings, Equipment and Improvements

Acquisitions of buildings, equipment, improvements and all expenditures for repairs, maintenance and betterments that materially prolong the useful lives of assets are capitalized. Buildings, equipment, and improvements are stated at cost less accumulated depreciation. Depreciation is being provided by use of the straight-line-method over the estimated useful lives of the related assets as follows: building improvements, 5 years; equipment, 3-7 years.

Grants Receivables

Grants are recorded at the time of the award, except for reimbursement grants which are recorded as expenditures are incurred. If a grant becomes uncollectible, then it is written off at that time. No allowance is recorded because management believes all grants to be collectable.

Crestworth Learning Academy, Inc
Notes to the Financial Statements
June 30, 2010

Deferred Revenue

Grant funds are considered to be earned when qualifying expenditures are made and all other grant requirements have been met and, accordingly, when such funds are received, they are recorded as deferred revenue until earned.

Minimum Foundation Program (MFP)

The School, as a Type 5 charter school, received funding from BESE in an amount for pupils based on estimated daily attendance at the School. The amount of funding received is adjusted during the school year based on October 1st student count and the result of any audits performed.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/ or nature of any donor restrictions.

Contributions that are restricted by the donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of the activities as net assets released from restrictions.

Donated Equipment and Services

Donated equipment is reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. The school receives a substantial amount of donated services from unpaid volunteers who assist in carrying out the School's instructions and fundraising activities. No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under generally accepted accounting principles.

Note 2 – Cash and Cash Equivalents and Investments

The School had the following cash as of June 30, 2010:

Demand Deposits	\$ 257,530
Time Deposits	<u>208,284</u>
Total	<u>\$ 465,814</u>

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits might not be recovered. At June 30, 2010, the School's demand deposit bank balances of \$ 257,530 were entirely secured by federal deposit insurance and pledged securities held by the School's agent(s) in Crestworth Learning Academy, Inc.'s name.

Crestworth Learning Academy, Inc
Notes to the Financial Statements
June 30, 2010

The school maintains its deposits in one financial institution. Accounts at this institution are insured by the U.S. Federal Deposit Insurance Corporation up to \$250,000 per account. The balances at times may exceed federally insured limits. At June 30, 2010, the cash balance per account did not exceed the insured amount.

Note 3 – Accounts Receivable – Grants

Accounts receivable - grants are deemed to be fully collectible by management; accordingly, no allowance for doubtful accounts is required. Accounts receivable - grants are comprised of the following at June 30, 2010:

As of June 30, 2010 grants receivable consisted of the following:

La Department of Education:

Prof. Improvement Program	\$ 5,656
Career & Tech	3,323
Title I A-ARRA	3,578
IDEA B-ARRA	4,914
Title I A-ARRA	3,578
Title I	<u>56,896</u>
Total	<u>\$ 74,367</u>

Note 4 – Fixed Assets

Equipment and leasehold improvements are carried at cost less accumulated depreciation/amortization. Depreciation/Amortization is determined at rates which will reduce original cost to estimate residual value over the useful life of each asset. The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of June 30, 2010:

<u>Description</u>	<u>Life</u>	<u>2010</u>
Equipment	5 – 7 years	\$ 92,615
Less: Accumulated Depreciation		<u>9,261</u>
Property & Equipment, net		<u>\$ 83,354</u>

Depreciation expense for the year ended June 30, 2010 was \$9,261.

Improvements	\$ 106,728
Less: Accumulated Amortization	<u>29,647</u>
Improvements, net	<u>\$ 77,081</u>

Amortization expense for the year ended June 30, 2010 was \$29,647.

Crestworth Learning Academy, Inc
Notes to the Financial Statements
June 30, 2010

Note 5 – In-Kind Contributions

The School received rent-free use of a school building from the State of Louisiana. The estimated value of the use of the building was not readily determinable and no amounts have been recorded in the accompanying financial statements.

Note 6 – Line of Credit

During 2010, Crestworth Learning Academy, Inc. had an unsecured line of credit in the amount of \$200,000 from a local commercial bank. Borrowings under the line of credit bear interest at 3.58% and an interest only payment arrangement. As of June 30, 2010 there was an outstanding balance in the amount of \$ 100,100 on the line of credit. The line of credit matured on October 8, 2010. As of July 15, 2011 the school was negotiating terms for renewal of line of credit.

Note 7 - Note Payable

Crestworth Learning Academy, Inc. has a note payable in the amount of \$238,513. Local non-profit organization provided start-up funds to Crestworth Learning Academy, Inc. The note payable is an unsecured interest-free note no terms have been established for repayment.

Note 8 – School Operations/Leasehold Interest

The school entered into an agreement with the State of Louisiana, Department of Education, Recovery School District, which allows the school to use the facilities and its contents located at 9450 Scenic Highway, Baton Rouge, Louisiana 70874. The agreement expires on June 30, 2011. The agreement may be extended for two additional years at the option of the State of Louisiana, Department of Education, and Recovery School District. The agreement may be renewed at the discretion of BESE.

Alterations made by the school shall not diminish the value of the property at the time the alterations are approved, unless agreed upon by the State of Louisiana, Department of Education, Recovery School District and the school. Any physical addition or improvements to the property will become property of the State of Louisiana, Department of Education, and Recovery School District. The State of Louisiana, Department of Education, Recovery School District may require, at the expense of the school, removal of these physical additions or improvements.

The school is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standard and other applicable laws, regulation, and rules.

Use of the property is not recorded as an in-kind contribution from the State of Louisiana, Department of Education, Recovery School District, and related rent expense. The value of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 9 – Commitments

The school has employment contracts, as are standard in the field of education, with most of its employees. The contracts for the current year expired June 30, 2010. All contracts provide for a minimum annual salary and other benefits.

Crestworth Learning Academy, Inc
Notes to the Financial Statements
June 30, 2010

Note 10 – Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

Note 11 – Risk Management

The School is exposed to various risks of loss related to thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, employee health and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 12 – Retirement Plan

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll and the School is required to contribute 15.5% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the year ended June 30, 2010, the Schools contributions to this plan totaled \$306,377.

Note 13 - Funds Held on Behalf of Others

The Schools acts as a custodian for student activity bank accounts. Funds held on behalf of these groups amounted to \$4,873 at June 30, 2010 and are reported as both an asset (restricted cash) and a current liability. Consequently, there is no effect on the School's net assets.

Note 14 – Board of Directors Compensation

The Board of Directors is a voluntary board; therefore no compensation was paid to any board member during the year ended June 30, 2010.

Crestworth Learning Academy, Inc
Notes to the Financial Statements
June 30, 2010

Note 15 – Contingency

The School is a recipient of federal and state grants. The grants are governed by various Federal and State guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of the School and are subject to audit and/or review by the federal and state grantor. Any grant funds found to be not properly spent in accordance with the terms, conditions, and regulations of the Federal and State agencies may be subject to recapture.

Note 16 – Subsequent Events

The management of Crestworth Learning Academy, Inc. evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 15, 2011, the date which the financial statements were available to be issued.

PERFORMANCE STATISTICAL DATA



JONALD J. WALKER III CPA LLC

MEMBER OF
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Crestworth Learning Academy, Inc
Baton Rouge, Louisiana

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Crestworth Learning Academy, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statement of Crestworth Learning Academy, Inc. and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. Crestworth Learning Academy, Inc. is responsible for the performance of statistical data. The agreed-upon procedures engagement were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Other procedures and findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. I selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

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Education Levels of Public School Staff (Schedule 2)

2. I reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2009.
3. I reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. I obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2009 and as reported on the schedule. I traced a random sample of 10 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule 3)

5. I obtained a list of schools by type as reported on the schedule. I compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.389A) application and/or the National School Lunch Program (CFDA 10.555 application).

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)

6. I obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2009 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

Public Staff Data (Schedule 5)

7. I obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 10 teachers to the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. I recalculated the average salaries and full-time equivalents reported in the schedule.

Class Size Characteristics (Schedule 6)

9. I obtained a list of classes by school, school type, and size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. I then traced a random sample of 10 classes to the

October 1, 2009 roll books for those classes and determined that the classes were properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Crestworth Learning Academy, Inc.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Crestworth Learning Academy, Inc.


Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule 9)

12. I obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by Crestworth Learning Academy, Inc.

No exceptions were found as a result of applying the above procedures.

I was not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of management of Crestworth Learning Academy, Inc., the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Ronald J. Walker III CPA, LLC
Lake Charles, Louisiana
July 15, 2011

Crestworth Learning Academy, Inc.
Schedules Required by State Law (R.S. 24:514 Performance and Statistical Data)
Schedule 1: General Fund Instructional and Support Expenditures
For the Year Ended June 30, 2010

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 2,607,428	
Other Instructional Staff Activities	494	
Employee Benefits	618,502	
Purchased Professional and Technical Services	325,988	
Instructional Materials and Supplies	144,996	
Instructional Equipment	0	
Total Teacher and Student Interaction Activities		3,697,408

Other Instructional Activities	0	0
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Pupil Support Activities	1,498	
Less: Equipment for Pupil Support	0	
Net Pupil Support		1,498

Instructional Staff Services	0	
Less: Equipment for Instructional Staff Services	0	
Net Instructional Staff Services		0

School Administration	54,394	
Less: Equipment for School Administration	0	
Net School Administration		54,394

Total General Fund Instructional Expenditures	\$ 3,753,300
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Total General Fund Equipment Expenditures	\$ 0
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Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	0
Renewable Ad Valorem Tax	0
Debt Service Ad Valorem Tax	0
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	0
Sales and Use Taxes	0
Total Local Taxation Revenue	\$ 0

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	0
Earnings from Other Real Property	0
Total Local Earnings on Investment in Real Property	\$ 0

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	0
Revenue Sharing - Other Taxes	0
Revenue Sharing - Excess Portion	0
Other Revenue in Lieu of Taxes	0
Total State Revenue in Lieu of Taxes	\$ 0

Nonpublic Textbook Revenue	0
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Nonpublic Transportation Revenue	\$ 0
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Note: This schedule included general fund instructional and equipment expenditures for the year ended June 30, 2010. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

CRESTWORTH LEARNING ACADEMY, Inc.
Education Levels of Public School Staff
For the Year Ended June 30, 2010
As of October 1, 2009
Schedule 2

CATEGORY:	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Bachelor's Degree	13	46.4%	1	50.0%	0	0.0%	0	0.0%
Master's Degree	7	25.0%	1	50.0%	0	0.0%	0	0.0%
Master's Degree + 30	8	28.6%	0	0.0%	3	100.0%	0	0.0%
Specialist in Education	0	0.0%	0	0.0%	0	0.0%	0	0.0%
PhD or EdD	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	28	100%	2	100.0%	3	100.0%	0	0.0%

Note 1: This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's, Master's, Master's +30, Specialist in Education, and PH.D. or Ed.D degrees as of October 1, 2009. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

CRESTWORTH LEARNING ACADEMY, Inc.
Education Levels of Public School Staff
For the Year Ended June 30, 2010
As of October 1, 2009
Schedule 3

<u>TYPE</u>	<u>NUMBER</u>
Elementary	0
Middle/ Jr. High	1
Secondary	0
Combination	0
Total	1

Note: Schools opened or closed during the year are included in this schedule.

CRESTWORTH LEARNING ACADEMY, Inc.

Education Levels of Public School Staff

For the Year Ended June 30, 2010

As of October 1, 2009

Schedule 4

	0-1	2-3	4-10	11-14	15-19	20-24	25+	
	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Total</u>
Assistant Principals	0	0	0	0	0	0	2	2
Principals	0	0	0	0	0	0	1	1
Classroom Teachers	9	3	5	0	2	1	10	30
Total	9	3	5	0	2	1	13	33

CRESTWORTH LEARNING ACADEMY, Inc.
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2010
 Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees and Flagged <u>Salary Reductions</u>
Average classroom teachers salary including extra compensation	\$ 51,462.40	\$ 49,727.32
Average classroom teachers salary excluding extra compensation	\$ 51,195.74	\$ 49,363.69
Number of teacher full time equivalents (FTE's) used in computation of average	30	22

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

CRESTWORTH LEARNING ACADEMY, Inc.
 Education Levels of Public School Staff
 For the Year Ended June 30, 2010
 As of October 1, 2009
 Schedule 6

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary/ Activity Classes	-	-	-	-	-	-	-	-
Middle/ Jr. High	47.0%	71	37.0%	56	16.0%	24	0.0%	0
Middle/ Jr. High Activity Classes	39.0%	7	22.0%	4	28.0%	5	11.0%	2
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

*Each class contains 2 full time teachers.

Crestworth Learning Academy, Inc.
Schedules Required by State Law (R.S. 24:514 Performance and Statistical Data)
Schedule 7: Louisiana Educational Assessment Program (LEAP)

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

NA SCHOOL DOES NOT HAVE THIS GRADE

District Achievement Level Results												
Students												
Grade 4												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

NA SCHOOL DOES NOT HAVE THIS GRADE

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%					0	0%				
Mastery	0	0%					0	0%				
Basic	35	26%	School did not exist				21	16%	School did not exist			
Approaching Basic	66	50%					56	42%				
Unsatisfactory	32	24%					56	42%				
Total	133	100%					133	100%				

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%					0	0%				
Mastery	0	0%					0	0%				
Basic	17	13%	School did not exist				19	15%	School did not exist			
Approaching Basic	46	35%					28	22%				
Unsatisfactory	67	52%					82	64%				
Total	130	100%					129	100%				

Note: Schools opened or closed during the fiscal year are included in this schedule.

Note 1: This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Crestworth Learning Academy, Inc.
Schedules Required by State Law (R.S. 24:514 Performance and Statistical Data)
Schedule 8: Graduation Exit Examination (GEE)*

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

NOT APPLICABLE

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

NOT APPLICABLE

Note 1: This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Crestworth Learning Academy, Inc.
Schedules Required by State Law (R.S. 24:514 Performance and Statistical Data)
Schedule 9: Iowa and i Leap Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced								
Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

NOT APPLICABLE

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced								
Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

NOT APPLICABLE

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	3	2%	3	2%	3	20%	0	0%
Basic	48	33%	58	40%	35	233%	27	19%
Approaching Basic	64	44%	35	24%	67	447%	49	34%
Unsatisfactory	31	21%	49	34%	40	267%	69	48%
Total	146	100%	146	100%	145	100%	145	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	2	2%	0	0%	0	0%	0	0%
Mastery	2	2%	4	4%	3	3%	2	2%
Basic	39	36%	40	37%	24	22%	52	49%
Approaching Basic	44	41%	37	35%	50	47%	36	34%
Unsatisfactory	20	19%	26	24%	30	28%	17	16%
Total	107	100%	107	100%	107	100%	107	100%

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

NOT APPLICABLE

**OMB CIRCULAR A-133 COMPLIANCE AND GOVERNMENT
AUDITING STANDARDS REPORTS**

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing
Standards***

Board of Directors
Crestworth Learning Academy, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of Crestworth Learning Academy, Inc (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued my report thereon dated July 15, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Crestworth Learning Academy, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of Crestworth Learning Academy, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a



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timely basis.

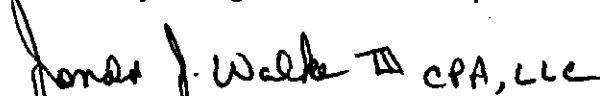
A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in 2010-01, 2010-02 and 2010-03 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crestworth Learning Academy, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as 2010-04.

Crestworth Learning Academy, Inc.'s responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Crestworth Learning Academy, Inc.'s response and, accordingly I do not express an opinion on it.

This report is intended solely for the information and use of the board of directors, management of Crestworth Learning Academy, Inc., the Legislative Auditor of the State of Louisiana, and federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

 CPA, LLC

Ronald J. Walker III CPA, LLC
Lake Charles, Louisiana
July 15, 2011



JONALD J. WALKER III CPA LLC

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors
Crestworth Learning Academy, Inc.
Baton Rouge, Louisiana

Compliance

I have audited Crestworth Learning Academy, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Crestworth Learning Academy, Inc.'s major federal programs for the year ended June 30, 2010. Crestworth Learning Academy, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Crestworth Learning Academy, Inc.'s management. My responsibility is to express an opinion on Crestworth Learning Academy, Inc.'s compliance based on my audit.

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I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crestworth Learning Academy, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Crestworth Learning Academy, Inc.'s compliance with those requirements.

In my opinion, Crestworth Learning Academy, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

Management of Crestworth Learning Academy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, I considered Crestworth Learning Academy, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Crestworth Learning Academy, Inc.'s internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

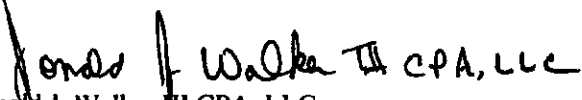
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-01 through 2010-04 to be significant deficiencies.

Crestworth Learning Academy, Inc.'s responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Crestworth Learning Academy, Inc.'s responses and, accordingly, I express no opinion on the responses.

Board of Directors
Crestworth Learning Academy, Inc.
Page 3 of 3

This report is intended solely for the information and use of Board of Directors, management of Crestworth Learning Academy, Inc., the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana statutes, this report is distributed by the Louisiana Legislative Auditor as a public document.


Jonad J. Walker III CPA, LLC
Lake Charles, Louisiana
July 15, 2011

Crestworth Learning Academy, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

<u>Schedule of Federal Awards</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditure</u>
<u>U.S Department of Education</u>			
Passed-Through State Department of Education:			
Title I Part A – Improving the Academic Achievement of the Disadvantage	84.010		\$ 227,109
IDEA Part B	84.027A		12,119
Public Charter School Grant Program	84.282A		290,992
Title II, Part A, Teacher and Principal Training & Recruiting	84.367A		32,562
Title I, Part A Grants to Local Agencies	84.389A		118,581
IDEA Part B – ARRA	84.391A		<u>51,544</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 732,907</u>
Total Expenditures of Federal Awards			<u>\$ 732,907</u>

The accompanying footnotes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Crestworth Learning Academy, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Crestworth Learning Academy, Inc. under programs of the federal government for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Crestworth Learning Academy, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Crestworth Learning Academy, Inc.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Payments to Subrecipients

There were no payments to subrecipients for the year ended June 30, 2010.

Crestworth Learning Academy, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

A. Summary of Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Crestworth Learning Academy, Inc.
2. Three control deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Crestworth Learning Academy, Inc. are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements And Internal Control Performed in Accordance with Government Auditing Standards*.
4. No deficiencies in internal control over major federal award programs disclosed during the audit are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB circular A-133*.
5. The auditor's report on compliance for the federal award program administered by Crestworth Learning Academy, Inc. expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Section C of this schedule.
7. The programs tested as major programs include:

	<u>CFDA Number</u>
DOE – Title 1 Grants	84.010
DOE – Charter School Grants	84.282A

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Crestworth Learning Academy, Inc. does not qualify as a low-risk auditee.

Crestworth Learning Academy, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

B. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2010-01 Revenues

Condition:

There were instances where revenues were not recorded to the appropriate period or were not recorded to the proper program.

Criteria:

Contributions and grants are recorded when awarded or pledged. Management has the responsibility to design, implement and monitor the Organization's accounting procedures to assure proper recording of transactions.

Effect:

Financial statements are misstated.

Cause:

Policies regarding accounting procedures are not properly followed by staff and proper monitoring of these procedures are not being adhered to by management.

Recommendation:

Contributions and grants should be recorded in the period identified in the supporting documentation from the grantor. Specify and establish monitoring policies, operating standards, procedures, systems and other disciplines to be used to limit the risks of non-compliance.

Response:

See management's corrective action plan for their response.

2010-02 Grants Receivable

Condition:

The confirmations received as part of our audit process indicated numerous small differences relating primarily to receivable transactions inappropriately recorded. Some of the transactions were reported in current period instead of prior period.

Crestworth Learning Academy, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

Criteria:

Grants receivable balance as of the June 30, 2010 not properly identified.

Effect:

Intentional or unintentional errors could be made and not be detected leading to an inability to determine accurate grants receivable balance.

Cause:

Policies to ensure that grants receivable are properly recorded are not properly followed by staff and proper monitoring of these procedures is not being adhered to by management.

Recommendation:

To improve control over grants receivable, receivables should be recorded timely and balances be reviewed on a monthly basis. Any outstanding balances should be resolved with grantor. Procedures should be reviewed to ensure that grants receivable balances are reconciled between the general ledger and the subsidiary ledgers on a consistent and timely basis. Differences should be investigated and resolved as soon as possible.

Response:

See management's corrective action plan for their response.

2010-03 Net Assets

Condition:

Review of the client's prepared June 30, 2010 unadjusted trial balance revealed that net assets at the beginning of the fiscal year were not properly reconciled for the prior year. As a result, adjustments were required to properly state beginning net assets.

Criteria:

Net assets should be properly recorded at fiscal year end.

Effect:

The effect of this condition could result in errors or improper financial statements to be issued.

Recommendation:

Recommend that management develop and implement internal control procedures relative to net assets to ensure that net assets are properly recorded at fiscal year end.

Crestworth Learning Academy, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

Response:

See management's corrective action plan for their response

2010-04 Timely Filing of Report

Condition:

The report was not submitted to the legislative auditor's office on a timely basis.

Criteria:

LSA-R.S.24.513 States that, "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee fiscal year."

Effect:

The effect of this condition should remain in compliance with the State Law governing audit engagement completion.

Recommendation:

The School should remain in compliance with the State Law governing audit engagement completion.

Response:

See management's corrective action plan for their response.

C. Findings and Questions Costs – Major Federal Award Programs Audit

There were no findings or questioned Costs found for the audit period ended June 30, 2010.

**Crestworth Learning Academy, Inc.
Summary of Prior Year Findings
For the Year Ended December 31, 2010**

Audit not performed in prior year.



Crestworth Learning Academy

BUSINESS OFFICE

9450 Scenic Hwy., Ste B-1, Baton Rouge, LA 70807

Phone: 225-775-4359, Fax: 225-775-2471



September 12, 2011

Mr. Jonald Walker, CPA
J. Walker & Company
1403 West Prien Lake Road
Lake Charles, LA 70601

Mr. Walker,

Please find management's responses to the audit findings below.

2010-01 Revenues

Condition:

There were instances whereby revenues were not properly recorded or recorded in the incorrect program.

Criteria:

Contributions and grants are recorded when awarded or pledged. Management has the responsibility to design, implement and monitor the Organization's accounting procedures to assure proper recording of transactions.

Response:

Management of Crestworth has instituted policies and procedures, which we believe are consistent with Accounting Standards Codification Section 958-605 Not-for Profit Revenue Recognition. Management of Crestworth views this incident as isolated associated with the unaudited beginning balances from prior year start-up activity. This incident resulted in an adjusting journal entry to properly state revenue, receivables, and net assets accordingly. In response, Management has engaged the services of an external CPA firm to assist with fiscal monitoring and risk assessment. Additionally, Crestworth's management will continue to monitor its staff to ensure all policies and procedures are adhered to as written and review grant request after submission to ascertain proper recordation. Also, the Board of Directors will continue to review financial statements on a monthly basis.

2010-02 Grants Receivable

Condition:

The confirmations received as part of our audit process indicated numerous small differences relating primarily to receivable transactions inappropriately recorded. Some of the transactions were reported in the current period instead of prior period.

Criteria:

Grants receivable balance as of the June 30, 2010 not properly identified. Intentional or unintentional errors could be made and not be detected leading to an inability to determine accurate grants receivable balance. Policies to ensure that grants receivable are properly recorded are not properly followed by staff and proper monitoring of these procedures is not being adhered to by management.

Response:

As indicated in Finding 2010-01, management of Crestworth has instituted policies and procedures, which we believe are consistent with Accounting Standards Codification Section 958-605 Not-for Profit Revenue Recognition. The other minor differences noted by the auditor were provided as client proposed adjustments at the start of field work. Again, management of Crestworth views this incident as an isolated associated with the unaudited beginning balances from prior year start-up activity. This incident resulted in an adjusting journal entry to properly state revenue, receivables, and net assets accordingly. In response, Management has engaged the services of an external CPA firm to assist with fiscal monitoring and risk assessment. Additionally, Crestworth's management will continue to monitor its staff to ensure all policies and procedures are adhered to as written and review grant request after submission to ascertain proper recordation. Also, the Board of Directors will continue to review financial statements on a monthly basis.

2010-03 Net Assets

Condition:

In review of the client's prepared June 30, 2010 unadjusted trial balance revealed that net assets at the beginning of the fiscal year was not properly reconciled for the prior year. As a result, adjustments were required to properly state beginning net assets.

Criteria:

Net assets should be should be properly recorded at fiscal year end.

Response

Management of Crestworth has instituted policies and procedures, which we believe are consistent with Accounting Standards Codification Section 958-605 Not-for Profit Revenue Recognition. Management of Crestworth views this incident as an isolated associated with the unaudited beginning balances from prior year start-up activity. This incident resulted in an adjusting journal entry to properly state revenue, receivables, and net assets accordingly. In response, Management has engaged the services of an external CPA firm to assist with fiscal monitoring and risk assessment. Additionally, Crestworth's management will continue to monitor its staff to ensure all policies and procedures are adhered to as written and review grant request after submission to ascertain proper recordation. Also, the Board of Directors will continue to review financial statements on a monthly basis.

2010-04 Timely Filing of Report

Condition:

The report was not submitted to the legislative auditor's office on a timely basis.

Criteria:

LSA-R.S.24.513 States that, "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee's fiscal year."

Response:

Management has engaged the services of an external CPA firm to assist with fiscal oversight which includes the compilation of financial statements on a monthly basis. The financial statements are currently being presented to the finance committee and the board within thirty days of month's end.

Should you require any additional information, please do not hesitate to give me a call at your earliest convenience.

Sincerely,

Mr. Tommy Cain
Business Manager